

CHAPTER NO. 801

SENATE BILL NO. 2408

By Womack

Substituted for: House Bill No. 2821

By Hood, Eckles

AN ACT To amend Tennessee Code Annotated, Section 67-4-905, relative to deductions against the franchise tax.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-4-905(c)(2), is amended by deleting "September 30, 1998" from the last sentence, wherever it appears, and substituting "September 30, 1999" in the place thereof.

SECTION 2. Tennessee Code Annotated, Section 67-4-905(c), is amended by adding the following new subdivision:

(A) Notwithstanding the provisions of this subsection, any corporation that, pursuant to the provisions of subdivision (c)(2) of this subsection, has excluded any indebtedness to or guaranteed by a parent or an affiliated corporation in determining the amount of its capital, surplus and undivided profits subject to franchise tax, shall provide the commissioner with an additional computational schedule to supplement its franchise, excise tax return. This schedule shall be filed with the return or within ninety (90) days from the effective date of this act if the return has already been filed. It shall show the corporation's total indebtedness to or guaranteed by its parent or any affiliated corporation and a computation of the amount of any indebtedness that would have been included in the determination of its capital, surplus and undivided profits subject to franchise tax had it not been for the provisions of subdivision (c)(2).

(B) Any corporation that fails to timely file the schedule required by subitem (A) above shall be expressly prohibited from relying upon subdivision (c)(2) to exclude any of its indebtedness to or guaranteed by a parent or affiliated corporation from its franchise tax base. In such a case, the commissioner shall disregard the provisions of subdivision (c)(2) for the tax year involved and shall assess any resulting additional franchise tax plus interest accrued from the original due date of the return.


SECTION 3. This act shall take effect upon becoming law, but Section 2 shall apply to all tax years beginning on or after June 30, 1996, the public welfare requiring it.


JOHN S. WILDER
SPEAKER OF THE SENATE


JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES

PASSED: April 9, 1998

APPROVED this 23rd day of April 1998


DON SUNDQUIST, GOVERNOR